



CDSS

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**DEPARTMENT OF SOCIAL SERVICES**

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TO: SCOTT REID  
Cabinet Secretary

VIA: KIMBERLY BELSHÉ, Secretary  
Health and Human Services Agency

FROM: JOHN A. WAGNER  
Director

SUBJECT: RESPONSE TO EXECUTIVE ORDER S-09-10

Enclosed is the California Department of Social Services' (CDSS) response to Executive Order S 09-10, which requires a new plan to combat fraud, waste and abuse, and was developed in partnership with the Office of Systems Integration. The plan presents a comprehensive strategy to protect the integrity of the California Work Opportunity and Responsibility to Kids (CalWORKs) program and related assistance programs.

The Department acknowledges the vast majority of individuals and families utilizing our program's resources do so in a lawful way, accessing important resources for which they are eligible. However, it is the Department's responsibility in conjunction with our county administrative partners to ensure that only those eligible for our programs receive those services and that benefits are used for the purposes for which they are intended. It is also our responsibility to maximize the efficient use of our programs and resources in our efforts to move as many individuals and families into self-sufficiency as soon as possible.

This plan includes ten proposals which address immediate vulnerabilities, strengthen existing safeguards, and introduce approaches to combat welfare fraud systemically.

The ten proposals that are part of the plan are grouped into three categories:

- **Responses to the Executive Order**

The five proposals in this group identify the steps being taken to implement provisions of the order. This includes the steps we are taking to eliminate Automatic Teller Machine Electronic Benefits Transfer (ATM/EBT) privileges in casinos, card and poker rooms and other establishments whose products or

services are inconsistent with the intended usage of California's cash assistance program. It also includes changes being made to require recipients to sign an acknowledgement that CalWORKs benefits are intended to help meet the basic shelter, food and clothing needs of the family. Finally this group includes proposals to publicize the Department's hotline for reporting fraud and to improve the state's ability to respond to referrals received through the hotline.

- **Early Fraud Prevention and Funding**

The three proposals in this group would guarantee funding for fraud detection and investigation from the single allocation for CalWORKs and ensure that the funding is dedicated to activities to combat fraud. In addition there is a proposal to give the Department resources necessary to assist county investigative units in investigating cross-jurisdictional and high profile fraud cases, and to serve as a centralized investigative technology resource for all counties. This new capacity has the potential to generate a net savings to the state.

- **IT Systems/Other Longer Term Options**

This category includes two proposals that offer longer term solutions to expand the Department's capacity to use matching systems for fraud detection and to expand access to data in county welfare systems. One proposal addresses the enhancement, expansion and automation of the Income Eligibility and Verification System (IEVS) match process which is used to prevent and detect fraud. The second proposal would implement a welfare fraud analytics system that would draw data from the three county welfare consortia systems into a state fraud analytics system that will provide CDSS with timely and user-friendly access to CalWORKs and Food Stamp program case information.

The Department also notes a number of essential human service program integrity proposals included in the Governor's Budget which have not been fully embraced by the Legislature, including:

1. Fully funding the Statewide Fingerprint Imaging System (SFIS)
2. Mandating child care overpayment collections – Stage I
3. Maintaining IHSS fraud prevention proposals:
  - a) \$10 million for county program integrity efforts
  - b) Fingerprint imaging for IHSS recipients
  - c) Some provider enrollment requirements, including exclusionary crimes
  - d) State staff for program integrity efforts

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### **Responses to the Executive Order**

1. Modification of the CalWORKs Rights, Responsibilities, and Other Important Information Form
2. Extend ATM Access Restrictions to Other Locations
3. Publicize the Fraud Hotline
4. Automate the State Welfare Fraud Referral Hotline
5. Fraud Referral Email Wizard

### **Early Fraud Prevention and Funding**

6. Guaranteed CalWORKs and Food Stamp funds for anti-fraud activities, including early fraud prevention program/processes
7. Modification of Income and Eligibility Verification System (IEVS) Match and Overpayment Rules
8. New CDSS Fraud Investigative Resource Unit

### **IT Systems/Other Longer Term Options**

9. Welfare Fraud Analytics Reporting System: IEVS Matches
10. Welfare Fraud Analytics Reporting System: SAWS Consortia Data Integration

## **Fraud Action Plan Executive Order S-09-10**

### **Proposal #1: Modification of the CalWORKs Rights, Responsibilities, and Other Important Information Form**

#### **Description of Proposal**

Currently, county welfare departments (CWDs) provide each applicant and recipient with the Rights, Responsibilities, and Other Important Information form that must be signed at application and at annual redetermination. The form currently does not provide guidance regarding the use of the cash aid.

CDSS will revise the form to inform the client that the intent of the cash grant is to help them provide for some of their family's basic needs while the client is working to become self-sufficient. This modification is wholly consistent with the mandate of paragraph 2 of the Executive Order. See attached language for consideration.

#### **Problem Definition**

News reports have recently revealed that some CalWORKs recipients have utilized Automatic Teller Machines (ATMs) located in gambling establishments to access their cash benefits. As a result of these reports, the Governor issued an Executive Order directing the CDSS to stop access to CalWORKs benefits via ATMs in gambling establishments.

#### **Fiscal Impact**

Estimates of the costs and savings associated with this proposal are under development.

#### **Implementation Timeline**

The CDSS will develop the revised statement and request advocate and county review, as is our current practice. The language will be translated into Spanish and the finalized form will be sent to all counties via an All County Letter. A camera-ready copy of the revised form will be attached to the letter. This process can be completed in a month. Translations into other languages and hardcopy versions of the form will be printed and stocked four to six weeks later for subsequent distribution.

#### **Statutory/Regulatory Changes Needed**

These form revisions do not require statutory or regulatory changes.

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### **Proposal #2: Extend ATM Access Restrictions to Other Locations**

#### **Description of Proposal**

This proposal will restrict access to ATMs for EBT cardholders located in various establishments. To maintain convenient access to benefits, we also recommend sending letters to banks and credit unions asking them to provide surcharge-free ATM access to EBT benefits at all ATM locations.

#### **Problem Definition**

This proposal would continue the policy to restrict access to ATMs in inappropriate locations.

#### **Fiscal Impact**

Estimates of the costs and savings associated with this proposal are under development.

#### **Implementation Timeline**

The process of eliminating access for EBT cardholders at casino ATMs began on June 25, 2010. As of June 30, 2010, 194 ATMs have been deactivated at various establishments, as follows:

176 ATMs at 157 gaming establishments  
18 ATMs at 10 adult entertainment establishments

CDSS and the Office of System Integration will continue to review other establishments, potentially including the following: other types of gaming establishments such as bingo halls and race tracks; adult entertainment venues and stores; bars; gun stores; massage parlors; cigarette/cigar stores; and bail bond businesses.

#### **Statutory/Regulatory Changes Needed**

The need for changes is under review by the Department of Social Services. Given the statutory requirements for maximum access, CDSS and OSI will monitor overall recipient access.

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### **Proposal #3: Publicize the Fraud Hotline**

#### **Description of Proposal**

The Department proposes taking actions to increase the level of public participation in reporting instances of suspected or potential welfare fraud in the California Work Opportunity and Responsibility to Kids (CalWORKs) and Food Stamp programs. Because Food Stamp cases are categorically linked to CalWORKs, fraud practices for these two programs have been linked for investigative purposes. The Department now receives approximately 300 fraud complaints each month through its welfare fraud hotline and email system. The hotline is publicized on the Department's website and in posters displayed in county welfare offices.

The Department proposes expanding the use of its existing welfare fraud materials and current notification and reporting mechanisms. First, the Department proposes sending the fraud poster, in English and Spanish, to all relevant California retailers (approximately 23,000) accompanied by a request to display it in their stores. Second, the hotline information should be prominently displayed on both the State of California internet homepage and Governor's homepage to demonstrate the commitment of the state in protecting welfare resources from misuse. Third, posters publicizing the hotline should be available in state agencies that serve the public, such as the Department of Motor Vehicles.

#### **Problem Definition**

Fraud within the CalWORKs program is an ongoing problem that costs taxpayers money. Because a substantial portion of the program benefits are provided in the form of cash grants, it is difficult to detect individuals using their cash benefits for purposes other than basic subsistence needs. As a result, the State must often rely upon the general public to observe and report incidences of welfare fraud.

As stated in Executive Order S-09-10, news reports have recently revealed that some CalWORKs recipients have utilized Automatic Teller Machines (ATMs) located in gambling establishments to access their state-provided cash benefits. While it may be possible to limit the locations from which cash benefits can be obtained, it is not possible to limit where and how the actual cash is spent. Accordingly, the Department recognizes it needs the general public to help in the State's efforts to combat welfare fraud.

The general public can only assist in combating welfare fraud if it is made aware of the problem and informed as to how to report situations they observe that might be instances of fraud. The Department believes the general public currently may not have the level of awareness about welfare fraud that enables them to be a valuable asset to the State's efforts to identify and eliminate fraud.

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### **Fiscal Impact**

Estimates of the costs and savings associated with this proposal are under development.

### **Implementation Timeline**

- Fraud Hotline posters to retailers – 2 months
- Modify state websites – 2 months

### **Statutory/Regulatory Changes Needed**

None.

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### **Proposal # 4: Automate the State Welfare Fraud Referral Hotline**

#### **Description of Proposal**

CDSS should adopt an automated Interactive Voice Response (IVR) system to improve administration of the Welfare Fraud Referral Hotline. The IVR will guide callers through choosing the appropriate jurisdiction where the suspected or potential fraud occurred by first classifying the type of fraud and then directing callers to appropriate state or county representatives.

#### **Problem Definition**

The existing Fraud Hotline is an 800 number with a 50-call-capacity voice mail box. The hotline and its voice mail are administered manually. Limited staff resources have led to limited coverage of the hotline and delayed response to hotline voice mail messages. In addition, the Fraud Bureau does not have the capacity to directly connect callers to each county. This requires the caller to take additional initiative to dial the appropriate number to report the fraud allegation.

The hotline will receive greater attention and greater traffic in response to recent media events. The hotline, as administered today, cannot meet the anticipated increase in referral traffic to county investigations. The hotline voice mail will quickly reach capacity, and callers will not receive timely information on the appropriate state or county representative to contact in order to report welfare fraud.

#### **Fiscal Impact**

Estimates of the costs and savings associated with this proposal are under development.

#### **Implementation Timeline**

- A state-controlled software and hardware solution could take up to six months to implement.
- A vendor-based solution could take longer than six months due to bidding requirements.

#### **Statutory/Regulatory Changes Needed**

None.



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### **Proposal #5: Fraud Referral Email Wizard**

#### **Description of Proposal**

CDSS should adopt an automated web application for referring emailed fraud reports from the public to improve administration of the California Welfare Fraud Referral process. The web application will walk individual users through an online decision tree process designed to tease out specific information about the allegation. Once the wizard is complete, the information is formatted into an email, batched with other allegations that came in on the same day, and sent to the appropriate authority for investigation. The system would maintain a record of the complaints for audit purposes and for state follow up as necessary. This proposed system can be implemented using a commercial off-the-shelf software application.

#### **Problem Definition**

The current Fraud Hotline email box is a manually monitored email account. This requires research by staff in order to provide correct referral information to the email sender who, in turn, is expected to contact the appropriate investigative agency. This takes a tremendous amount of time in some cases, and increased demands on staff has led to limited coverage of this function.

The Fraud Bureau is currently not an investigative agency. As such, it is expected that once provided with the appropriate referral information, the individual would be able to contact the appropriate authority to initiate an investigation.

#### **Fiscal Impact**

Estimates of the costs and savings associated with this proposal are under development.

#### **Implementation Timeline**

- Develop a purchase order.
- Each county welfare investigation unit would need to set up a designated email box to receive referred allegations.
- Once the software is purchased, the application would need to be customized and tested before implementation.

These steps combined can take upwards of 6 months.

#### **Statutory/Regulatory Changes Needed**

None.

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### **Proposal #6: Guaranteed CalWORKs and Food Stamp Funds for Anti-Fraud Activities, Including Early Fraud Prevention Program/Processes**

#### **Description of Proposal**

The Department proposes guaranteeing dedicated funding from the existing California Work Opportunity and Responsibility to Kids (CalWORKs) single allocation and the Food Stamp (FS) county administrative funds and existing anti-fraud incentives that are earned by the counties to be used for county anti-fraud activities. Fraud recovery incentives are available to the county welfare departments (CWDs) annually based on client-caused overpayments/over issuances collected during the previous fiscal year. Guaranteed funding from these sources would ensure CWDs have adequate staff to process the mandated Income and Eligibility Verification System (IEVS) matches promptly as mandated by federal and state law, and for county investigators to process early and ongoing fraud referrals and complete investigations necessary for protection of taxpayer dollars in the CalWORKs and FS programs.

The guaranteed funding for anti-fraud activities will allow the CWDs the option to implement an Early Fraud (EF) Program or processes. The program or processes would allow county CWD Special Investigation Units (SIUs) to provide assistance to the intake workers in the application process, for example by verifying documentation received from the applicant and validating place of residency. This process would be based on a fraud referral criterion, where there is reasonable ground to suspect fraud. By processing early fraud referrals and conducting necessary investigations during the application process, an experienced investigator can identify when an applicant is withholding information or potentially untruthful. Cost avoidance savings are generated when cases are denied prior to benefits being granted when an applicant is ineligible, and an overpayment/over issuance is avoided that can ultimately be difficult to collect.

Guaranteed funding for prompt identification, recovery and prevention of overpayments by working IEVS matches timely and processing early and ongoing fraud referrals will improve program integrity by quickly terminating or adjusting aid and promptly initiating recovery of misspent funds. In addition, this will reinforce to the recipient community that timely and accurate reporting of income is mandatory. These actions will result in immediate savings by increasing identification of overpayments and by stopping continued overpayments and fraudulent activities. The counties could also use these funds for other purposes that promote program integrity, such as the purchase of investigative equipment, fund overtime to clear backlogs of IEVS matches, hire additional county fraud investigators, provide investigative training, and so forth.

#### **Problem Definition**

Many counties have been forced to cut back and have redirected staff that were once dedicated to county SIUs, resulting in fewer resources to investigate and process fraud referrals in a timely manner. There has been an estimated 33 percent loss in SIU

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staffing in the last five years. As a consequence, counties are missing program integrity opportunities when additional screening for potential fraud during the application process is not performed and when IEVS matches are not investigated. This ultimately results in a lower conviction rate, creates a community of recipients who are receiving benefits to which they are not entitled, and allows overpayments/over issuances to become larger, making the possibility of debt recovery less likely.

By guaranteeing funds for anti-fraud activities or processes, local SIUs can establish a caseload staffing standard that better meets the best interest of our clients and assures the public that our resources are going toward those intended to receive them as efficiently as possible.

### **Fiscal Impact**

Estimates of the costs and savings associated with this proposal are under development.

### **Implementation Timeline**

- Statutory Change Required – Once statutory change is achieved, will take three to six months to implement

### **Statutory/Regulatory Changes Needed**

- May require legislation guaranteeing a percentage of funds be directed to the processing of IEVS matches and fraud investigations if the single allocation or County FS Administrative Funds are used.
- Statutory change needed to guarantee a portion of the CalWORKs Fraud Incentive to fund anti-fraud activities.

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### **Proposal #7: Modification of Income and Eligibility Verification System Match & Overpayment Rules**

#### **Description of Proposal**

The Department proposes modifying the 45-day requirement in state regulation for processing the federal and state mandated Income and Eligibility Verification System (IEVS) matches. This system provides income and eligibility information at various times during the year, depending upon the match, for recipients of the California Work Opportunity and Responsibility to Kids (CalWORKs) and Food Stamp (FS) Programs. Currently, the IEVS recipient system consists of 10 different matches. Similar to the current process in the Food Stamp Program, the proposal would allow counties to use a notification to the client to qualify as a "completed IEVS follow-up" as long as the following requirements are met:

- The notification includes language stating that their benefits shall be reduced or discontinued if they do not respond within 10 days.
- In the event a CalWORKs overpayment exists, a claim shall be established within 60 days.
- In the event a FS over issuance exists, a claim shall be established within 90 days or by the end of the following quarter consistent with federal program rules.

This notification would be an interim step to allow counties to process overpayments/over issuance in the same timeframes allowed for overpayments/over issuances that are NOT generated by an IEVS match. This notification step would stop overpayments/over issuances from growing larger and would reinforce responsibilities of recipients when information verification is needed. In the event that third party verification is required by the county welfare department (CWD), benefits would not be reduced or terminated until the verified information was received by the CWD and the recipient was determined to be ineligible.

#### **Problem Definition**

Counties are currently required to process all IEVS match information by contacting the client and/or employer, getting wage verification from employers and notifying recipients of a CalWORKs overpayment or FS over issuance by sending out a Notice of Action (NOA), within 45 days from the date the county receives the information. Due to IEVS staffing shortages in CWDs and time needed to get employer verification, an alternative is to require counties to notify clients of the information received by CWD within 45 days, requesting necessary verification information and informing clients that benefits will be terminated if there is no response. This is currently done in the FS Program. This has the immediate effect of stopping the overpayment/over issuance and ensuring

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that the client knows the consequences, while giving county staff more time to obtain employer wage verification and establish the claim.

### **Fiscal Impact**

Estimates of the costs and savings associated with this proposal are under development.

### **Implementation Timeline**

- Draft ACL – 3 months
- County Implementation – 6 months

### **Statutory/Regulatory Changes Needed**

This would require regulatory changes to CDSS' MPP Division 20-006.

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### **Proposal #8: New State-Level Fraud Investigative Resource Unit**

#### **Description of Proposal**

The Department proposes to create a fraud investigative resource program within the existing Fraud Bureau (FB) to assist in CalWORKs and Food Stamp fraud cases. This program's mission would be twofold: first, it would be tasked with assisting county investigative units in investigating cross-jurisdictional and high profile fraud cases; second, the unit would serve as a centralized investigative technology resource for all counties.

#### *Investigations:*

In recent years, California has found itself dealing with numerous high profile cases of welfare fraud. This unit would have investigative level positions that could assist counties in the investigation of these cases. This will be especially needed in cases that cross welfare jurisdictions. With access to specialized data systems often priced outside individual counties' means, these investigators would bring additional resources to assist in the investigation and prosecution of system fraud issues such as criminal rings.

#### *Technology Resource Services:*

The unit would also serve as the foundation for business intelligence needs on fraud prevention and investigations. This specialized staff would work hand in hand with the counties' Special Investigative Units (SIU) to provide identification of systemic fraud activities in California, smarter Income Eligibility and Verification System (IEVS) matches for counties, and assistance with utilizing existing fraud investigative resources such as Electronic Benefit Transfer (EBT) usage reports. As specialists in systems and research, these individuals would provide enhanced techniques for fraud detection including data mining. Having this unit at the state level will allow California jurisdictions that deal with investigations into CalWORKs or Food Stamps fraud activities to embrace technology in their everyday procedures. This enhances California's ability to detect and prevent fraud. This unit will allow us to leverage technology without replicating the expense of this need in all 58 California counties.

#### **Problem Definition**

Many counties do not have the funds to support technology driven investigative activities and as a result, cases are detected and investigated on a case-by-case basis. This is usually driven by financial thresholds that determine if the case is economically worth investigating and prosecuting.

Many technologies such as the Department of Motor Vehicles' look up, tracer search, and property search systems are beyond the financial means of counties to purchase, and they often lack the experience and technical expertise to utilize automated systems. In addition, resources such as the existing EBT reports go unused.

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Currently the Fraud Bureau provides collections reviews, IEVS match distribution, tax intercept, fraud referral, policy development and technical assistance to counties. By centralizing certain investigative activities we can reduce the workload in the counties through more specific resources to improve the efficiency of investigating IEVS matches and enhance the capabilities of county investigations through new technology and information.

### **Fiscal Impact**

Estimates of the costs and savings associated with this proposal are under development.

### **Implementation Timeline**

Interview and hire staff within several months of funding becoming available.

### **Statutory/Regulatory Changes Needed**

None

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### **Proposal #9: Welfare Fraud Analytics Reporting System: IEVS Matches**

#### **Description of Proposal**

This proposal would enhance, expand, and automate the Income Eligibility and Verification System (IEVS) match process. The CDSS Fraud Bureau works with county welfare departments and special investigative units to prevent and detect fraud through IEVS. IEVS is composed of two subsystems: Recipient IEVS and Applicant IEVS. Applicant IEVS is used in determining initial eligibility for aid, such as residency and citizenship or legal status. Applicant IEVS is administered by the Department of Health Care Services, and it matches information provided by the applicant against multiple data sources including, but not limited to, the Immigration and Custom Enforcement (ICE) Service's Systematic Alien Verification System, Employment Development Department (EDD) wage and disability benefit data, and persons already in the Medi-Cal Eligibility Data System. CDSS administers the Recipient IEVS matches, which are used to compare information in the recipient's welfare case against potential income, financial data, and criminal justice data sources to detect potential unreported income, assets, and incarceration. Potential income, financial, and criminal justice data sources include EDD quarterly wage data, interest income reported to the federal Internal Revenue Service (IRS) or state Franchise Tax Board, and the state Department of Justice Wanted Persons File.

This proposal would expand the Recipient IEVS by:

*Increasing the frequency for all data matches to monthly for standardization.*

- Currently certain matches only occur annually, semi-annually or quarterly. By having matches occur monthly the state would be better able to remove or reduce benefits in a timely manner.

*Implement the State Online Query (SOLQ) match service for Recipient IEVS*

- This is a Social Security verification match which, if implemented routinely, can verify the accuracy of the client's identity and citizenship status for existing recipients. This will allow us to identify the use of bogus Social Security information in our systems which will allow us to detect possible identity theft and welfare fraud. This is similar to the process integrated into Medi-Cal eligibility as under the Deficit Reduction Act (DRA).

*Implementation of a Data Analytics System to Enhance the Usefulness of Matches*

- Although the act of matching itself is electronic, the distribution of the matched information abstracts to counties is only partially electronic; and the match investigation itself is a manual process. The proposed system would distribute all matches to the counties electronically and store a copy so it can be aligned with an outcome reporting table. The copies of the matches would be stored in a data system to allow the state to enhance the use of the matches by leveraging data mining strategies. This would allow the Department to run the IEVS matches against one another. By comparing the match results, we would



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produce “smart match” lists, which would highlight the most likely instances of potential fraud. For instance, if the individual was a match both on the wage match and the IRS match this person would more likely be someone who would need to be further investigated.

#### **Problem Definition**

##### *Manual Processing*

The current IEVS process still requires substantial manual processing for the distribution of the matches.

- The Benefit Earnings Exchange Record, FTB Asset, IRS Asset, Deceased Person Match, Fleeing Felon Match, and Nationwide Prisoner Match remain paper-dominated processes. Staff receive paper documents, sort them by county, stuff them into boxes or envelopes, and ship them to counties. Counties have to account for receipt and process the documents manually.

##### *Information Security*

- The manual processing of matches starts with a list of names matched between Aid Recipient Rolls and data. The bureau then proceeds to separate out the match list abstracts by county, records the descriptive information including number of names sent to each county and prepares the package to be mail to each of the counties using confidential information transmittal protocols. This process relies on control check points for secure handovers from the Fraud Bureau to the courier service to the county. Once the information is in the hands of the county, the county must send a receipt back to the Fraud Bureau verifying the information was received. If at any point in the process the information is lost, this is a security breach. Although not common, this paper process leaves confidential information very vulnerable.

##### *Less Robust Evaluation*

- Although the information for the matches is transmitted on a flow basis ranging from weekly matches to annual matches, this process does not take advantage of comparing the matched datasets against each other prior to sharing the information with the county. By comparing the matches to one another, matches can be triaged for the county and ultimately reduce the workload required in the county evaluation/investigation processes. For instance, comparing the EDD wage match with the IRS match would produce a higher priority list of individuals requiring further investigation.

##### *Use of Resources*

- The manual process for both the county and the state is an inefficient and costly use of scarce resources. Staff on the state level must manually separate and repackage documents by hand. The same tasks could be eliminated by using a secure transmittal computer application.

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### *Limited Program Evaluation Tools*

- As illustrated in the Bureau of State Audits November 2009 evaluation of California's anti-fraud processes, there are very few current tools for ongoing fraud program evaluation. The tools are limited and do not allow for long term trend analyses without substantial manual compiling and processing. Additionally, most program data is available only in the aggregate, limiting its usefulness for detailed analysis.

### **Fiscal Impact**

Estimates of the costs and savings associated with this proposal are under development.

### **Implementation Timeline**

Implementation schedule would be dependent upon resource availability and necessary information technology project approvals.

### **Statutory/Regulatory Changes Needed**

IRS match security requirements require specialized handling of data. We will need to receive permission from the IRS for the system security specifications.

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### **Proposal #10: Welfare Fraud Analytics Reporting System: SAWS Consortia Data Integration**

#### **Description of Proposal**

Implement a welfare fraud analytics system that would draw data from the three Statewide Automated Welfare consortia systems (known as SAWS) into the proposed state's fraud analytics system that will provide CDSS with timely and user-friendly access to counties' CalWORKs and Food Stamp program case information. Access to this information will allow California to leverage new techniques to identify fraud in these benefit programs and provide comprehensive statewide metrics regarding welfare in California.

#### **Problem Definition**

##### Disparate Data Systems

- California has three SAWS consortia systems that do not "talk" to each other, making it easier for individuals to commit duplicate aid fraud. Although a centralized eligibility system may be developed some time in the future, this fraud data analytic system would still be needed and could be readily adapted for a new single statewide automated welfare system.
- The recent Bureau of State Audits report on the cost effectiveness of welfare fraud activities was critical of CDSS' lack of analysis on the cost effectiveness of various fraud prevention/detection measures. CDSS could more easily perform this type of analysis using the proposed data analytics system.
- Most program data is available only in the aggregate, limiting its usefulness for detailed analysis.
- Data is not available in a timely manner, since existing state systems provide data 90 or more days after the period for which it was collected.

##### Fraud Investigations

- Fraud investigations often use the single case model. This does not lend itself to pattern analysis to see where organized fraud rings emerge.
- Cases of potential fraud referred to counties often must meet value thresholds in order to make it cost effective for a county to even pursue fraud cases. Using statewide analytics, fraud patterns can be identified more easily, making investigations cost effective when several cases can be merged.

#### **Fiscal Impact**

Estimates of the costs and savings associated with this proposal are under development.

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### **Implementation Timeline**

Implementation schedule would be dependent upon resource availability and necessary information technology project approvals.

### **Statutory/Regulatory Changes Needed**

None.